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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/064,783	08/16/2002	Lawrence Lederman	02012-40137	4083

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EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT PAPER NUMBER

3624

DATE MAILED: 06/17/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

**Application No.**

10/064,783

**Applicant(s)**

LEDERMAN, LAWRENCE

**Examiner**

Narayanswamy Subramanian

**Art Unit**

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 15 March 2005.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-17 and 116-119 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-17 and 116-119 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

### **DETAILED ACTION**

1. This communication is in response to the Applicant's communication filed on March 15, 2005. Amendments to claim 1 and 116-119 and cancellation of claims 23 and 120 have been entered. Rejections made under 35 USC 112, first paragraph have been withdrawn in view of the amendments. Claims 1-17 and 116-119 are pending and have been examined. The rejections and response to arguments are stated below.

#### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. § 101 reads as follows:

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title".

3. Claims 1-17 and 116-119 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, *or* composition of matter, *or* any new and useful improvement thereof" (emphasis added).

Claims 1-17 and 116-119 are rejected under 35 U.S.C. § 101 because; the claimed invention is directed to a non-statutory subject matter. Specifically the method claims as presented do not claim a technological basis in the pre-amble and the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. 101. In contrast, a method claim that includes in the body of the claim structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte

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Bowman, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) - used only for content and reasoning since not precedential].

In order to over come the 101 rejection above, the following preamble is suggested:

“A computer implemented method for managing concentration of debt---” or something similar.

Also, in the body of the claim include structural / functional interrelationship which can only be computer implemented.

***Claim Rejections - 35 USC § 112***

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

5. Claims 1-17 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Regarding claim 1, the phrase "providing a company board of directors with authority to implement the condition .... deems appropriate" renders the claim indefinite because it is unclear whether the limitation(s) following the phrase are part of the claimed invention. See MPEP § 2173.05(d). Specifically the phrase “providing with authority to implement” is interpreted as an intended use. It has been held that the recitation of “providing with authority to implement” is not a positive limitation but only requires the ability to do so. Claims 2-17 are rejected because they depend on a rejected claim.

Claims 116-119 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential steps, such omission amounting to a gap between the steps. See MPEP

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§ 2172.01. The preamble calls for managing concentration of debt. It is not clear how the steps recited result in managing of debt concentration. Specifically the omitted steps are: It is not clear as what happens to the debt and/or debt concentration after associating a condition with a debt instrument. Appropriate clarification/correction is required. The art rejection below is made in light of the 112 rejections discussed above.

***Claim Rejections - 35 USC § 103***

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1-17 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (US Patent 6,148,293) as discussed in paragraph 5 of the office action mailed on August 8, 2003 (Paper No. 3).

8. Claims 116-119 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (US Patent 6,148,293).

With reference to claim 116, King discloses a method, for changing at least one parameter of the debt instrument when a condition associated with a debt instrument changes. (See King Column 6 line 64 – Column 7 line 8, claims 1-4).

King does not explicitly teach the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold.

Official notice is taken that the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold is

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old and well known in the art. For instance when all secured debt of a business is held by one entity and the debt covenant may specify that all additional debt against the collateral will be subordinate to the debt currently held by the entity. Such specification can apply to currently held debt and/or future debt. The debt held by the entity would then in effect be the debt concentration threshold. Changing the threshold can be negotiated between the lender and the borrower. Such steps help the business owners from getting into too much debt and thereby lose control of the business and it also helps the secured lenders maintain their priority of claims over the collateral. If the board of directors have the authority to unilaterally change the rules about debt holdings, such rules must be clearly specified in the debt covenant before the debt is issued or negotiated with the debt holders after the issuance of debt. Otherwise changing the rules about debt holdings will not be legal under the existing laws.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the steps of determining a debt concentration threshold and the condition when an entity holds more debt instruments than the debt concentration threshold to the disclosure of King. The combinations of the disclosures taken as a whole suggests that it would have helped the business owners from getting into too much debt and thereby lose control of their business and it would have also helped the secured lenders maintain their priority of claims over the collateral.

With reference to claims 117-119, please see the rejection of claims 14-16.

***Response to Arguments***

9. In reference to Applicant's arguments regarding rejection under 35 USC 101, Applicant's arguments have been considered but are not persuasive.

Applicant's other arguments have been considered but are not persuasive.

***Conclusion***

10. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (571) 272-6747. The fax number for Formal or Official faxes and Draft to the Patent Office is (703) 872-9306.

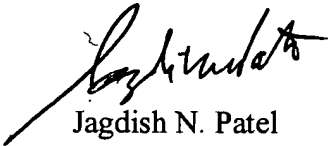
Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR

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system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

N. Subramanian

June 12, 2005

A handwritten signature in black ink, appearing to read "Jagdish N. Patel", with a long horizontal stroke extending to the left.

Jagdish N. Patel  
Primary Examiner